



February 2, 2024

Florida Public Service Commission  
Office of Commission Clerk  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850

RE: Response to Proposed Amendment of Rule 25-30.0372, Florida Administrative Code, Alternative Procedure for Establishing Rate Base Value of Acquired Utility System

Dear Office of Commission Clerk,

The Florida Public Service Commission (“PSC”) has requested responses to questions regarding the Proposed Amendment of Rule 25-30.0372, Florida Administrative Code (F.A.C.) (“Rule”), Alternative Procedure for Establishing Rate Base Value of Acquired Utility System, related to Section 367.0811 F.S. (the “Statute”). Below are the responses of Sunshine Water Services Company (“SWS”) to the data request.

- 1.) To what extent do the definitions in draft Rule 25-30.0372 (1), F.A.C., affect costs to your utility? If the definitions affect cost, please explain and provide a cost estimate.

**Response: Per Section 367.0811(4)(a), F.S., SWS is to engage an appraiser – and pay for three appraisers - to prepare a valuation of the system to be acquired. Subsection (1) of the Rule provides the guidelines in selecting such appraiser, and also references the Price Index as permitted by Florida Statute. SWS does not anticipate Subsection (1) to add incremental cost to the requirements in the Statute.**

**SWS notes that the cost impact incurred by a utility using the Rule and Statute will be dependent on the following factors: the facts of a particular acquisition, the scope and depth of a valuation analysis, and the volume of acquisition activity for a given period.**

- 2.) What is the estimated cost, if any, to comply with the requirements of Subsection (2) of the draft rule?

**Response: Per Section 367.0811(4)(a), F.S., SWS is to engage an appraiser – and pay for three appraisers - to prepare a valuation of the system to be acquired. Subsection (2) of the Rule provides a process for selecting the three appraisers. SWS does not anticipate Subsection (2) to add incremental cost to the requirements in the Statute. SWS estimates that the cost of each Statutorily-required appraisal, inclusive of any appraiser testimony for hearing, is \$5,000 - \$65,000.**

**SWS notes that the cost impact incurred by a utility using the Rule and Statute will be dependent on the following factors: the facts of a particular acquisition, the scope and depth of a valuation analysis, and the volume of acquisition activity for a given period.**

- 3.) What is the estimated cost, if any, to your utility to obtain the documents listed in Subsection (3) of the draft rule?

**Response: SWS does not anticipate additional costs related to gathering the documents required in Subsection (3), particularly those described in Subsections (3)(b) to (e), should deficiencies be identified per the assessment of tangible assets required by the Statute. Should SWS file an application per this Rule concurrent with a**

Sunshine Water Services

**transfer of authorization application, SWS estimates legal costs would be \$12,000 less than if the filings were made separately.**

- 4.) What is the estimated cost to your utility to produce the CPVRR and accompanying information required by Subsections (3)(c) and (3)(d), of the rule?

**Response: Please see response to #3 above.**

- 5.) Referring to the Subsection (5), Notice, please provide the anticipated costs to your utility to prepare and provide the notice. Please note that lines 7 through 8 of Subsection (5), allow for the notice required by this rule to be combined with the notice of Application for Authority to Transfer issued pursuant to Rule 25-30.030, F.A.C. Therefore, any incremental costs could be impacted depending on whether your utility combines the notices required by Rules 25-30.030 and 25-30.0371, F.A.C, or does separate mailings. Please provide the incremental costs for both scenarios.

**Response: SWS provides below the estimated cost to notice its customers, with and without consolidation with a Rule 25-30.030 F.A.C. notice. Please note that SWS estimates the notices per Subsection (8) to be 2 pages each.**

**Notice with consolidation: \$ 9,000**

**Notice without consolidation: \$ 31,000**

- 6.) Would the provisions of draft Rule 25-30.0372, F.A.C., directly or indirectly result in new regulatory costs to your utility in excess of \$200,000 in the aggregate in Florida within 1 year after implementation of the rule?

**Response: SWS does not anticipate incremental regulatory costs in excess of \$200,000 in the aggregate in Florida within 1 year after implementation of the rule.**

- 7.) Please state if the draft rule would lead to infrastructure improvements, result in any cost efficiencies/savings, improvements in service quality, and regulatory compliance to your utility and, if so, state the categories and estimated amounts of cost savings.

**Response: SWS anticipates implementation of the rule may lead to infrastructure improvements, cost efficiencies/savings, improvements in service quality, and regulatory compliance of the systems acquired by our utility. The impact depends in part on the scope and volume of acquisitions that arise and are subject to the rule.**

- 8.) Considering the [above] stated definition of a “small business,” please state if your water and/or water and wastewater utility is a small business.

**Response: No.**

- 9.) If yes, please state if the draft rule would have an adverse, minimal, or no financial impact on your utility.

**Response: Not applicable.**

- 10.) Would the draft rule directly or indirectly result in incremental regulatory costs to your utility in excess of \$200,000 in the aggregate in Florida within 1 year after implementation of the rule?

**Response: Not applicable.**

- 11.) Would the draft rule have an adverse incremental impact on economic growth, private-sector job creation or employment, and private-sector investment in excess of \$1 million in the aggregate within 5 years after implementation of the rule?

**Response: SWS is not aware if the draft rule will have an adverse incremental impact on economic growth, private-sector job creation or employment, and private-sector investment in excess of \$1 million in the aggregate within 5 years after implementation.**

12.) Would the draft rule have an adverse incremental impact on business competitiveness, productivity, and innovation in excess of \$1 million in the aggregate within 5 years after implementation of the rule?

**Response: SWS is not aware if the draft rule will have an adverse incremental impact on business competitiveness, productivity, and innovation. The impact depends in part on the scope and volume of acquisitions that arise and are subject to the Rule.**

13.) Would the draft rule result in incremental regulatory costs, including any transactional costs (“transactional costs” include filing fees, the cost of obtaining a license, the cost of equipment required to be installed or used, procedures required to be employed in complying with the rule, additional operating costs incurred, the cost of monitoring or reporting, and any other costs necessary to comply with the rule) to your utility, in excess of \$1 million in the aggregate within 5 years after the implementation of the rule? If yes, please explain.

**Response: SWS does not anticipate incremental regulatory or transaction costs in excess of \$1 million in the aggregate within 5 years after implementation of the rule.**

14.) Considering the [above] definitions of a “small city” and “small county”, please state if your utility serves a small city or several small cities, or a small county/counties? Would the small city/cities/county/counties served by your utility have financial impacts or no impacts due to the draft rule?

**Response: Yes, SWS serves certain Small Cities as defined in the data request. SWS does not anticipate the draft rule will have impacts to the Small Cities served by SWS due to the proposed revisions. By its nature, the draft rule would more likely expand the SWS service territory, and therefore is more likely to have an impact on a new Small City or Small County.**

15.) Please provide any additional information, including any tasks not identified above, which would result in incremental costs or savings to you utility, due to the draft rule, which the Commission may determine useful. [Section 120.541(2)(f), F.S.]

**Response: No additional information is known at this time.**

If you require additional information, please feel free to contact me via email at [dante.destefano@corixgroup.com](mailto:dante.destefano@corixgroup.com) or (704) 572-8668.

Sincerely,

*Dante DeStefano*

Dante DeStefano  
Director, Regulatory Affairs

Enclosures